



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

355 West North Temple
3 Triad Center, Suite 400
Salt Lake City, Utah 84180-1204
801-538-5508
801-355-0922 (Fax)



December 14, 1995

Jerry Powers
Cotter Corporation
12596 W. Bayaud, Suite 350
Lakewood, CO 80228

RE: ML 45609--Building Stone/Limestone, San Juan County
M/037/084, Papoose Mine

Dear Mr. Powers:

I recently received an inquiry from Mr. Jon Showalter about reducing the amount of your surety bond _____ for the above referenced project. The bond is presently in the amount of \$100,000 with United Pacific Insurance Company as Surety and Cotter Corporation as Principal..

The surety bond obligates the principal to pay all monies, rental, royalties, reclamation costs or any other costs which arise by operation of the above numbered lease accruing to the Lessor. The Utah Division of Oil, Gas and Mining has estimated reclamation costs for the Papoose mine @\$47,600. The Utah Trust Lands Administration estimates outstanding rental and royalty liability at any given time to be \$6,400. Accordingly, the minimum amount of surety bond for this operation is \$54,000.

Upon receiving a Rider to surety bond _____ reducing the amount of the bond from \$100,000 down to \$54,000, I will recommend acceptance by the Director. Please contact me if you have any questions in this matter.

Sincerely,

JOHN T. BLAKE
MINERAL RESOURCES SPECIALIST

JTB/tdw

cc: Tony Gallegos

